

# **FISCAL NOTE**

## **SB 526 - HB 543**

March 3, 2001

**SUMMARY OF BILL:** Exempts from sales and use tax any drug, medical equipment or device, or medical supply item purchased or rented with funds derived from capitation payments, or any supplemental payments, provided to a managed care organization participating in the TennCare Program. The provisions of the bill are retroactive to January 1, 1994.

### **ESTIMATED FISCAL IMPACT:**

**Decrease State Revenues - Exceeds \$1,200,000 Recurring**  
**Exceeds \$5,000,000 One-Time**

**Decrease Local Govt. Revenues - Exceeds \$450,000 Recurring**  
**Exceeds \$1,250,000 One-Time**

Estimate assumes:

- payments to suppliers exceeded \$30,000,000 of which an estimated \$20,000,000 is taxable.
- a decrease in state revenues exceeding \$1,200,00 on a recurring basis [ $\$20,000,000 \times 6\%$ ].
- a decrease in local government revenues exceeding \$450,000 on a recurring basis [ $\$20,000,000 \times 2.25\%$ ].
- a one-time decrease in state revenues exceeding \$5,000,000 from the bill being retroactive to 1994.
- a one-time decrease in local government revenues exceeding \$1,250,000 from the bill being retroactive to 1994.

### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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